

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5778-01
Bill No.: HB 1751
Subject: Energy; Environmental Protection; Public Service Commission; Utilities
Type: Original
Date: February 27, 2012

Bill Summary: This proposal requires the Department of Natural Resources to annually assess electric utilities in an amount not to exceed five thousand of one percent of its annual intrastate revenues.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Agricultural Energy Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Offsetting income and expenses are \$100,000 to \$112,500 in FY 13 and \$200,000 to \$225,000 annually thereafter.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources (DNR)** assume this proposal will generate approximately \$200,000 to \$225,000 per year. DNR would use these funds to promote, encourage and develop biomass energy projects in the state through a variety of methods, to be determined based on developing markets and emerging technologies: educational opportunities, grants for feasibility studies, grants for pilot biomass projects, and **Division of Energy (DE)** administrative costs to perform duties associated with this proposal, etc. See Table 1 for an estimate of revenues to the Agricultural Energy Fund.

DNR state appropriation authority would be required to use these funds. DNR assumes for purposes of this fiscal note it is assumed that DNR would expend all funds each year.

Table 1: Agricultural Energy Fund Revenue Estimate Per Year

Utility	Annual Operating Revenues per Missouri PSC 2011 Annual Report	5/1000 of 1%	5/1000 of 1% of Annual Operating Revenues
Empire Electric	\$385,105,768	0.005%	\$19,255
KCPL	\$683,108,541	0.005%	\$34,155
GMO-L&P	\$148,211,855	0.005%	\$7,411
GMO-MPS	\$547,434,707	0.005%	\$27,372
Ameren Missouri	<u>\$2,610,547,084</u>	0.005%	<u>\$130,527</u>
Total	\$4,374,407,955		\$218,720

Source: Department of Natural Resources

Oversight assumes the fiscal impact of this proposal would begin January 1, 2013. For the purposes of this fiscal note Oversight is showing a 6 month fiscal impact in FY 2013.

Officials at the **Missouri Public Service Commission** and **State Treasurer's Office** each assumes there is no fiscal impact from this proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
AGRICULTURAL ENERGY FUND			
<u>Income</u> - DNR - Assessments	\$100,000 to \$112,500	\$200,000 to \$225,000	\$200,000 to \$225,000
<u>Expenses</u> - DNR - Biomass Energy Projects	<u>(\$100,000 to \$112,500)</u>	<u>(\$200,000 to \$225,000)</u>	<u>(\$200,000 to \$225,000)</u>
ESTIMATED NET EFFECT ON AGRICULTURAL ENERGY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

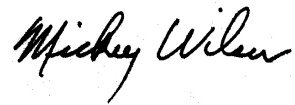
FISCAL DESCRIPTION

Requires the Department of Natural Resources to annually assess utilities an amount not to exceed .005 of 1% of its annual intrastate operating revenues starting in 2013 to be deposited into the newly created Agricultural Energy Fund which must be used solely to pay for the department's expenses in encouraging and developing biomass energy projects in Missouri.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Missouri Public Service Commission
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized "M" and "W".

Mickey Wilson, CPA
Director
February 27, 2012